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MINING CORPORATION LIMITED

annual report

FOR THE YEAR ENDING DECEMBER 31st

1964

CANADA
 TUNGSTEN
MINING CORPORATION LIMITED

EXECUTIVE OFFICE

12 Richmond Street East, Toronto, Ont.

BRANCH OFFICE

502 - 1200 West Pender Street, Vancouver, B.C.

OFFICERS

F. E. HALL	- - - - -	President
J. B. REDPATH	- - - - -	Vice-President
J. J. CROWHURST	-	Vice-President and General Manager of Operations
D. R. McEWEN	- - - - -	Secretary-Treasurer
J. D. MUNROE	- - - - -	Assistant Secretary

DIRECTORS

SENATOR JOHN B. AIRD	- - - - -	Toronto
J. M. RICHARD CORBET	- - - - -	Toronto
F. E. HALL	- - - - -	Toronto
WALLACE MACGREGOR	- - - - -	New York
HARRY S. McGOWAN	- - - - -	Toronto
JOHN PAYNE, JR.	- - - - -	New York
JAMES B. REDPATH	- - - - -	Toronto

TRANSFER AGENTS AND REGISTRARS

EASTERN & CHARTERED TRUST COMPANY
 1901 Yonge Street, Toronto, Ont.

BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE
 Toronto and Vancouver

AUDITORS

DELOITTE, PLENDER, HASKINS & SELLS
 55 Yonge Street, Toronto, Ont.

CANADA
TUNGSTEN
MINING CORPORATION LIMITED

**Directors' Report
to the Shareholders**

Your Directors submit herewith the Annual Report of your Company, together with your General Manager's Report and the Financial Statements, with the Auditors' Report thereon, as at December 31, 1964.

It is gratifying to inform you that your Company is again operational. Mining was resumed last June and the mill put in operation toward the end of September. Tungsten concentrates of acceptable quality are currently being produced and shipped to customers in Europe and the U.S.A.

It may be well to recall that when in mid-year 1963 it was decided that it was in the best interests of the Company to suspend operations, the market for tungsten was severely depressed by reason of dumping of the metal on world markets by the Sino-Soviet bloc at politically inspired pricing. This had depressed world quotations from \$18.00 per short ton unit to \$8.00, a marketing situation with which we could not cope and which was accentuated by the metallurgical problem in producing the high-quality product sought by the market.

Subsequently the supply situation has stabilized and world prices have improved markedly. In the Spring of 1964 it was considered that the outlook was sufficiently encouraging to make preparations to resume operations. This decision was predicated on successful negotiations with major European and U.S.A. users

which resulted in long and short term contracts for the sale of the major portion of the production. While the prices provided in these contracts are below recent spot levels, your Directors believe that, because of the long-term continuing volatility of the tungsten market, and having consideration for the present financial obligations of the company, it is sound policy to provide for assured sale at reasonable prices of a substantial part of the production. After reaching a peak of \$28.00 per short ton unit in January, 1965 spot prices had declined to \$16.80 at the date of this report.

During June, supplies, equipment and personnel were transported to the mine, and open pit mining was resumed for the summer season. Some 53,612 tons of waste and overburden were stripped from the orebody and 59,764 tons of ore were broken, hauled to the concentrator, crushed and stockpiled. Additionally 10,400 tons of broken ore which had been left in the pit were also removed and crushed. All of this was added to the stockpile of 50,836 tons of crushed ore which remained from the previous operation. By year-end the mill had treated 33,543 tons of ore, averaging 2.57% WO₃, during 1964.

During the period when the operation was shut down and the question of re-opening was under consideration, extensive metallurgical tests were carried out with a view to improving

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mill recovery and product quality. These tests indicated the need for additional mill equipment. The installed new equipment has brought about a number of beneficial changes in the mill circuit which in actual operation have resulted in a greater flexibility in the production of high-grade gravity concentrates. Efforts are now being directed to the improvement of the flotation circuit and our technical staff express confidence that these problems will be overcome in due course.

The operation to date has been confronted with both market and technical problems, such as beset most early stage mining operations. Nevertheless, your Directors feel that the Company can look forward with confidence to the future, keeping in mind the fact that the ore-body ranks among the highest grade in world tungsten producers. It should also be noted that Dome Mines Limited, Falconbridge Nickel Mines Limited, and American Metal Climax, Inc. have accorded substantial financial assistance to the Company in reactivating the operation.

It was with great regret that your Directors, on January 15, 1965, accepted the resignation

of Mr. K. J. Springer as President and Director of the Company. Mr. Springer was the founder of your Company and his guidance in bringing the enterprise to production will always be appreciated.

Mr. Fred E. Hall, formerly Secretary-Treasurer of the Company, was elected a Director and assumed the office of President on January 15, 1965. Mr. Hall's experience in Canadian Mining and his role in the formulation of your Company will provide the continuity and knowledge necessary for the carrying forward of this business.

We wish also to express our appreciation to Mr. J. J. Crowhurst and his staff for the efficient manner in which the mine was re-opened and the mill made ready for the resumption of production.

On behalf of the Board,

F. E. HALL,
President.

March 25th, 1965.

CANADA
TUNGSTEN

MINING CORPORATION

(Incorporated under The)

BALANCE SHEET

ASSETS

CURRENT:

Cash	\$ 25,399
Accounts receivable	407,766
Insurance claims receivable	21,000
Inventory of concentrates — valued at the lower of cost or net realizable value (Note 3)	395,198
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	849,363

FIXED:

Mining property — at cost	125,000
Buildings, machinery and equipment — at cost	\$2,908,839
Less allowance for depreciation	78,903
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Airstrip and roads — at cost	153,102
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	3,108,038

OTHER:

Prepaid expenses	4,932
Inventory of supplies — at cost	127,810
Development, preproduction and administrative expenses, net — Exhibit B	4,020,898
Unamortized debenture discount	721,000
Incorporation expense	2,835
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	4,877,475
TOTAL	\$8,834,876

The accompanying notes are an integral part of these financial statements.

AUDITORS' REPORT

To the Shareholders of Canada Tungsten Mining Corporation Limited:

We have examined the balance sheet of Canada Tungsten Mining Corporation Limited as at December 31, 1964, and the statement of profit and loss and changes in financial position for the year then ended. We have also examined the development, preproduction and administrative expenses for the year and the accounting procedures and such tests of accounting records and other data as we considered necessary.

In our opinion the accompanying balance sheet and statement of profit and loss and changes in financial position of the company as at December 31, 1964 and the results of operations for the year then ended are presented in accordance with generally accepted accounting principles applied on a basis consistent with those followed in the previous year.

Toronto, Ontario
March 2, 1965.



AERATION LIMITED

(Corporations Act, Ontario)

EXHIBIT A

as at December 31, 1964

LIABILITIES

CURRENT:

Bank loans (Note 2)	\$ 785,000
Accounts payable and accrued charges	225,413
Accrued wages payable	26,007
6% demand notes payable and accrued interest	1,056,557
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	2,092,977

LONG-TERM DEBT (Note 1):

6% debentures maturing December 31, 1971	2,680,000
Debenture interest accrued	482,400
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	3,162,400

CAPITAL STOCK:

Authorized:

5,000,000 shares of \$1 par value each

Issued and fully paid:

4,945,000 shares	4,945,000
Less discount	1,365,501
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	3,579,499

Approved on behalf of the Board:

F. E. HALL, Director.

J. B. REDPATH, Director.

TOTAL \$8,834,876

al part of the financial statements.

Corporation Limited as at December 31, 1964 and the statement of affairs on that date. Our examination included a general review of the supporting evidence as we considered necessary in the circumstances.

development, preproduction and administrative expenses present fairly the cost of its operations for the year ended on that date, in accordance with those of the preceding year.

DELOITTE, PLENDER, HASKINS & SELLS,
Chartered Accountants.

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EXHIBIT B

***Statement of Development, Preproduction and
Administrative Expenses***

For the Year Ended December 31, 1964

BALANCE, DECEMBER 31, 1963	\$4,061,937
Less net proceeds from sale of concentrates on hand at December 31, 1963 (Note 3)	790,901
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	3,271,036
EXPENSES:	
Milling	\$ 416,178
Mining and stock piling	88,629
Stand-by and reactivation	68,028
General and administrative	228,167
Loss on sale of equipment	89,923
Interest on bank loans and notes payable	98,584
Debenture interest	160,800
Amortization of debenture discount	103,000
Metallurgy	27,369
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	1,280,678
Less:	
Net proceeds from sale of concentrates produced during the year	135,618
Inventory of concentrates on hand December 31, 1964	395,198
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	530,816
Net expenses	749,862
BALANCE, DECEMBER 31, 1964	<hr/> <hr/> \$4,020,898

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

December 31, 1964

1. The 6% debentures, maturing December 31, 1971, are payable before maturity out of profits as provided in the debentures. Interest thereon is payable only out of profits as defined in the debentures.
2. Bank loans are partly secured by accounts receivable, and are guaranteed by the holders of the company's 6% debentures.
3. The inventory of concentrates on hand at December 31, 1963 was not valued because of market conditions existing at that time. Net proceeds from the sale of these concentrates during the year were deducted from the balance of development, preproduction and administrative expenses at December 31, 1963.

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**Report of
the General Manager**

The President and Directors,
Canada Tungsten Mining Corporation
Limited,
Suite 225 - 12 Richmond Street East,
TORONTO 1, Ontario.

Dear Sirs:—

I submit herewith a report covering operations during 1964 at the Company's property in the Northwest Territories.

Metallurgical Investigation

During the Spring of 1964 extensive metallurgical investigations were completed. This work was directed principally towards increasing mill recovery and improving product quality. Test work was conducted at various laboratories in conjunction with a review of 1963 metallurgy. Results indicated that moderate additions to the concentrator were required.

Resumption of Operations

Mr. R. F. Lambert was appointed Resident Manager in May and the camp was reopened in early June as soon as road break-up conditions permitted.

The necessary extra mill equipment was purchased and installed during July and August. Operation of the concentrator recommenced in September, 1964.

Concentrator

The concentrator treated 33,543 tons of ore averaging 2.57% WO₃ by the end of the year. A satisfactory grade of gravity concentrate was produced. Problems still existed in connection with the flotation circuit but these are being ironed out.

Open Pit

A total of 53,612 tons of waste and overburden were stripped from the orebody to permit extraction of 59,764 tons of ore assaying 2.56% WO₃. This ore and the 10,400 tons of previously broken ore which was left on the pit floor during 1963 was hauled to the concentrator, crushed and stockpiled with the 50,836 tons of previously stockpiled ore.

Conclusion

Appreciation is expressed to Mr. R. F. Lambert, Resident Manager, and his staff, concerning the rapid and efficient manner in which operations were re-initiated.

Respectfully submitted,

J. J. CROWHURST,
General Manager.

VANCOUVER, B.C.,
February 19, 1965.





Printed in Canada.